

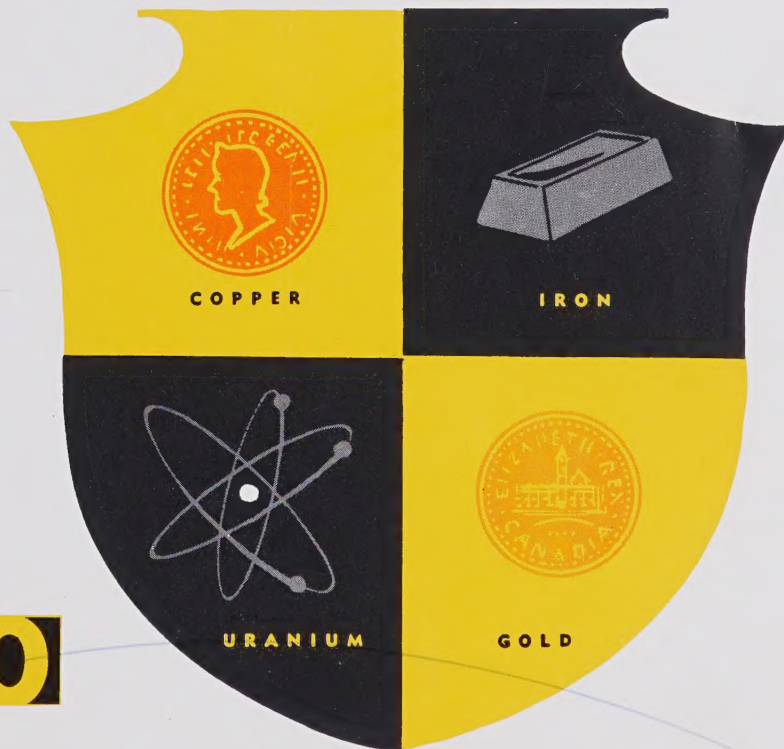
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FOR THE YEAR ENDED OCTOBER 31, 1960

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15th

ANNUAL REPORT



File

1960

CHIMO

GOLD MINES LIMITED

DIRECTORS

F. W. GRAHAM - - - - - Toronto, Ont.

D. W. FALCONER - - - - - Toronto, Ont.

S. K. BONGARD - - - - - Toronto, Ont.

FRANK W. WEST - - - - - Toronto, Ont.

A. C. MOSHER - - - - - Toronto, Ont.

OFFICERS

A. C. MOSHER - - - - - President

D. W. FALCONER - - - - - Vice-President

J. H. FISHER, C.A. - - - - - Secretary-Treasurer

HEAD OFFICE

25 Adelaide Street West, Toronto 1, Ontario.

TRANSFER AGENTS
AND REGISTRARS

Prudential Trust Company Limited, Toronto, Ontario.

AUDITORS

Pettit, Hill and Bertram, Toronto, Ontario.

BANKERS

Imperial Bank of Canada, Toronto, Ontario.

SOLICITORS

Holden, Murdoch, Walton, Finlay, Robinson & Pepall,
Toronto, Ontario.

Directors' Report

November 18, 1960

To the Shareholders,
CHIMO GOLD MINES LIMITED.

Your Directors are pleased to submit the Annual Report of the Company together with the Financial Statements and Report of the Company's Auditors thereon, for the fiscal year ended October 31st, 1960.

Your Company had an active programme during 1960 in the exploration field.

During the year, the Company took an option on 9 mining claims in Milner Township, Gowganda Mining Division, on which there was a showing of silver. One thousand feet of diamond drilling was carried out on said claims. Many small veins of calcite and cobalt mineralization were intersected by the drilling, but assays were of a negative nature. Two additional claims were also staked by the Company adjacent to the optioned ground and sufficient work was done on these claims to keep them in good standing for the next year. After due consideration of the results from these claims, your Directors have decided not to exercise the option to purchase the 9 mining claims.

The Company also staked 23 mining claims in the Linklater Lake Area of the Kowkash Mining Division, Province of Ontario. Some tin mineralization was located on these claims along a zone of some 1,000 feet in length, and 600 feet of diamond drilling was carried out on the claims late in the season and the cores were shipped to Lakefield Research Laboratory where research work will be carried out to ascertain if there are any commercial possibilities in this property.

During the summer a general survey was made of the Cobalt Camp by the Company, with a view to locating a silver property for development. As a result of the survey, the Company secured an option on the silver property held by Bomont Mines Limited and which is located in Gillies Timber Limit and about 3 miles west of the producing Christopher Silver Mine, and 4 miles from the Town of Cobalt. The properties held by Bomont Mines Limited and covered by the option, consist of approximately 320 acres. The structural geology of the Bomont Property is ideal for silver deposition. It is proposed that the Company will carry out at least 1,500

feet of diamond drilling before the end of November on this property, and a diamond drilling contract was given to Morissette Diamond Drilling Limited, late in October of this year to carry out such drilling.

Last spring the Company acquired 10 claims located in the Val d'Or area by staking, and a magnetic survey was conducted over said claims, which did not disclose anything of interest. The Company also examined three other properties during the year but did not acquire any interest in same.

A prospecting party was maintained by the Company in the Gaspé Peninsula, Province of Quebec, during the past summer. Several small copper showings were discovered but none were of sufficient interest to warrant staking.

The Company also subscribed to two other prospecting ventures working in Ontario and Quebec, and the party in Ontario has staked some 18 claims adjacent to a gold showing.

The Company sold the 1,000,000 shares of the capital stock of Black Bay Uranium Limited owned by it, last December, and also assigned the note given by Black Bay to the Company for advances made by the Company to Black Bay, for a total consideration of \$75,000.00.

The stock options held by the Company to purchase 600,000 shares of the capital stock of Lake-Osu Mines Limited were not exercised.

The Company continues to hold its 1,000,000 shares of Iron Bay Mines Limited which it acquired when it provided the initial financing for Iron Bay. The option granted by Iron Bay Mines Limited to The Cleveland-Cliffs Iron Company to purchase Iron Bay's Bruce Lake property was extended at the request of Cleveland-Cliffs until February 27, 1961, in order to give Cleveland-Cliffs additional time to complete further tests on the Iron Bay ore.

Your Board of Directors anticipates that the Company will again be active in exploration during 1961.

On behalf of the Board,

A. C. MOSHER,

President.

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Balance Sheet as

ASSETS

CURRENT:

Cash on hand and in bank	\$ 19,449.81	
Marketable securities — see schedule	952,349.60	
Accounts receivable	7,452.63	
Expense advance to director	1,000.00	\$ 980,252.04

INVESTMENT IN OTHER MINING COMPANIES:

Shares at cost (market value \$1,952,122)	799,415.04
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PROPERTIES AND RELATED EXPENDITURES:

41 unpatented mining claims in Val d'Or, Quebec and Beaverlodge Lake, Saskatchewan — consideration being 1,164,000 shares of capital stock and \$16,680.00 cash	\$ 31,680.00	
Exploration and development expenditures — see statement	378,101.22	
Equipment	3,112.41	412,893.63

OFFICE FURNITURE	8,011.48
	<u>\$ 2,200,572.19</u>

AUDITOR'S REPORT

We have examined the balance sheet of Chimo Gold Mines Limited as at October 31, 1960 and the statement of financial position for the year ended on that date. Our examination included a general review of the accounting principles and practices applied in the circumstances.

In our opinion the above balance sheet and accompanying statements of exploratory expenditures, present fairly the financial position of the company as at October 31, 1960 and the results of its operations for the year ended on that date, in accordance with the accounting principles applied on a basis consistent with that of the preceding year.

Toronto, November 9, 1960.

D MINES LIMITED

October 31, 1960

LIABILITIES

CURRENT — note 1:

Accounts payable \$ 3,525.00

CAPITAL AND SURPLUS:

CAPITAL STOCK — note 2:

Authorized: 3,500,000 shares, par value \$1.00 each

Issued and fully paid: 3,301,086 shares

	Par Value	Discount	Net
1,164,000 shares for property	\$ 1,164,000.00	\$ 1,149,000.00	\$ 15,000.00
2,137,086 shares for cash and services	2,137,086.00	57,667.00	2,079,419.00
<u>3,301,086</u>	<u>\$ 3,301,086.00</u>	<u>\$ 1,206,667.00</u>	<u>\$ 2,094,419.00</u>

SURPLUS — see statement 102,628.19 2,197,047.19

Approved on behalf of the Board:

A. C. MOSHER, Director.

F. W. GRAHAM, Director.

\$ 2,200,572.19

REPORT

1960 and the statements of exploration and development expenditures and surplus for the
ures and such tests of accounting records and other supporting evidence as we considered

l development expenditures and surplus when read in conjunction with the explanatory
ults of its operations for the year ended on that date, in accordance with generally accepted

PETTIT, HILL AND BERTRAM,

Chartered Accountants.

CHIMO GOLD MINES LIMITED

Statement of Exploration and Development Expenditures

FOR THE YEAR ENDED OCTOBER 31, 1960

TOTAL TO OCTOBER 31, 1959		\$362,465.50
<i>Add:</i> Expenditures at Val d'Or, Quebec —		
Loss on sale of equipment	\$15,204.15	
Sundry	356.57	
Milner Township, Ontario	7,383.30	
Gaspé Peninsula	6,159.08	
Linklater Lake, Ontario	4,522.11	
Bomont, Cobalt, Ontario	3,417.60	
Senneterre, Quebec	3,028.25	
Other localities	370.16	40,441.22
		<hr/>
		\$402,906.72
<i>Less:</i> Amounts expended on abandoned claims, including preliminary staking, written off to surplus account		24,805.50
		<hr/>
TOTAL TO OCTOBER 31, 1960		<u>\$378,101.22</u>

Statement of Surplus

FOR YEAR ENDED OCTOBER 31, 1960

BALANCE, NOVEMBER 1, 1959		\$103,153.60
<i>Add:</i> Investment income	\$44,919.17	
Profit on sale of investments	1,170.00	46,089.17
		<hr/>
		\$149,242.77
<i>Less:</i> Exploration expenses on abandoned claims including preliminary staking	\$24,805.50	
Administration expenses		
Administrative and office salaries	\$8,735.14	
Management travelling	321.74	
Office rent	3,076.80	
Office and general expense	2,460.63	
Legal and audit	3,853.95	
Registrar and transfer fees	1,441.42	
Telephone and telegraph	406.10	
Postage and stationery	1,513.30	21,809.08
		<hr/>
		46,614.58
BALANCE, OCTOBER 31, 1960		<u>\$102,628.19</u>

CHIMO GOLD MINES LIMITED

Schedule of Marketable Securities

AS AT OCTOBER 31, 1960

SHORT TERM NOTES:

General Motors Acceptance Corporation of Canada Ltd.	
\$50,000.00 note due June 9, 1961 at cost plus accrued interest	\$ 48,638.00
Industrial Acceptance Corporation Limited	
\$255,000.00 notes due on or before February 8, 1961 at cost plus accrued interest	266,910.00

GUARANTEED CERTIFICATE — TRUST COMPANY:

Royal Trust Company \$70,000.00 5% certificate due September 15, 1963 at cost plus accrued interest	70,292.00
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BONDS:

Province of Ontario, 4¼% bonds due 1978 (\$500,000.00) at cost plus accrued interest (market value \$447,500.00)	497,142.00
Municipal Corporation of Uranium City and District 5% Serial Annuity bonds, due November 1, 1961 to November 1, 1976, at cost (market value not available)	9,409.60
Dominion of Canada 5½% bonds due 1962 (\$60,000.00) at cost plus accrued interest (market value \$62,340.00)	59,958.00
	<u>\$952,349.60</u>

Explanatory Notes to Financial Statement


OCTOBER 31, 1960

1. CONTINGENT LIABILITY

Certain capital profits on the sale of investments in 1955, 1956 and 1957 are now being reviewed by the Income Tax Department and could give rise to an assessment for tax thereon of approximately \$100,000.00. Provision has not been made for any liability in this respect, as the matter is in dispute and the company does not admit any liability for same.

2. CAPITAL STOCK OPTION

There is an outstanding option granted to an employee of the company on 50,000 shares of capital stock at 65¢ per share exercisable on or before October 31, 1962 and prior to termination of employment.



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